

Message Text

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TO AMEMBASSY TEL AVIV

C O N F I D E N T I A L STATE 221483

E.O. 11652: N/A

TAGS: ETRN, IS, US

SUBJECT: US SHIPPING LINES: SERVICE TO ISRAEL

REF: TEL AVIV 8698; STATE 211922

1. REFERENCE PARA. 2 REFTEL, ASSURANCES SOUGHT BY US SHIPPING LINES WERE IN NATURE OF MILITARY PROTECTION AGAINST ARMED ATTACK OF VESSELS CARRYING COMMERCIAL CARGOES ON HIGH SEAS, AND ASSISTANCE SHOULD SUCH AN ATTACK TAKE PLACE. AT TIME OF REQUEST, USG, AS PRACTICAL MATTER, HAD BEEN UNABLE TO MAKE SUCH ASSURANCES, AND DOES NOT CONTEMPLATE FUTURE CIRCUMSTANCES OF SIMILAR NATURE WHICH WOULD PERMIT POSITIVE REPLY. EACH FUTURE REQUEST WILL HOWEVER BE CONSIDERED ON ITS MERITS.

2. IN REGARD TO "ASSURANCES" OF INDEMNIFICATION, USG STATUTES RELATING TO WAR RISK INSURANCE ARE FOUND IN TITLE XII OF THE MERCHANT MARINE ACT, 1936 (49 STAT 1985, APPROVED JUNE 29, 1936). SECTION 1202 (A) OF THIS ACT READS AS FOLLOWS:

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"THE SECRETARY (OF COMMERCE) WITH THE APPROVAL OF THE PRESIDENT, AND AFTER SUCH CONSULTATION WITH INTERESTED AGENCIES OF THE GOVERNMENT AS THE PRESIDENT MAY REQUIRE, MAY PROVIDE INSURANCE AND REINSURANCE AGAINST LOSS OR

DAMAGE BY WAR RISKS IN THE MANNER AND TO THE EXTENT PROVIDED IN THIS TITLE, WHENEVER IT APPEARS TO THE SECRETARY THAT SUCH INSURANCE ADEQUATE FOR THE NEEDS OF THE WATERBORNE COMMERCE OF THE UNITED STATES CANNOT BE OBTAINED ON REASONABLE TERMS AND CONDITIONS FROM COMPANIES AUTHORIZED TO DO AN INSURANCE BUSINESS IN A STATE OF THE UNITED STATES."

3. THE USG, I.E. THE MARITIME ADMINISTRATION OF THE US DEPARTMENT OF COMMERCE, HAS OVER THE YEARS HAD REQUESTS FOR THE IMPLEMENTATION OF SECTION XII OF THE 1936 LAW. HOWEVER, WORLD WAR II WAS THE ONLY OCCASION WHEN THESE PROVISIONS HAVE BEEN IMPLEMENTED. PRIOR TO THE OUBREAK OF THE OCTOBER 1973 HOSTILITIES IN THE MIDDLE EAST, THE MOST RECENT REQUEST FOR IMPLEMENTATION OF THESE PROVISIONS INVOLVED US SHIPPING TO BANGLADESH MADE DURING THE 1971 INDO-PAKISTANI WAR. IT IS WORTH NOTING THAT IN THIS WAR PAKISTAN (THE CENTRAL GOVERNMENT) TRIED TO INTERCEPT ANY CARGOES HEADED FOR EAST PAKISTAN AND ALSO MINED THE TWO EAST PAKISTANI PORTS PREVENTING US AND OTHER FLAG VESSELS FROM DISCHARGING CARGOES. ALSO, CARGOES IN THE HARBORS AT THE OUTBREAK OF WAR WERE CONFISCATED BY BOTH SIDES AND AN UNDETERMINED NUMBER OF US MERCHANT SHIPS CHANGED THEIR COURSE AND DID NOT ATTEMPT TO DISCHARGE CARGOES IN EAST PAKISTAN. REQUESTS FOR USG IMPLEMENTATION OF SECTION VII WAR RISK INSURANCE WERE NEVER GRANTED SINCE COMMERCIAL INSURANCE WAS AVAILABLE.

4. WHENEVER A WAR ZONE IS DECLARED BY ANY NATION, COMMERCIAL MARINE INSURANCE POLICIES, IN GENERAL, WILL NOT COVER VESSEL LOSSES IN THE WAR ZONE UNDER THE STANDARD MARINE INSURANCE POLICY. THE MARINE INSURANCE UNDERWRITER REQUESTS A "WAR RISK PREMIUM", IF COVERAGE IS TO

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EXTEND TO A VESSEL ENTERING THE WAR ZONE. SUCH WAR RISK INSURANCE IS AND HAS BEEN AVAILABLE IN THE "COMMERCIAL MARKET" AND "AT REASONABLE RATES" FOR US-REGISTERED VESSELS WISHING TO SERVE ISRAELI PORTS. DEPARTMENT CONSIDERS IT IMPROBABLE, THEREFORE, THAT SECTION XII OF THE 1936 ACT WOULD BE ACTIVATED IN PRESENT MID-EAST SITUATION. ACCORDINGLY, THE DECISION TO SEND AMERICAN-FLAG MERCHANT VESSELS TO ISRAEL RESTED WITH THE

RESPECTIVE COMPANIES. RUSH

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